

REPRESENTATIVE JULIE COULOMBE  
ALASKA STATE LEGISLATURE

SESSION  
Alaska State Capitol  
Juneau, AK 99801  
Phone: (907) 465-3879



DISTRICT  
1500 W Benson Blvd.  
Anchorage, AK 99503  
Rep.Julie.Coulombe@akleg.gov

## Sponsor Statement

HBCS Version 33-LS0518\R  
April 23, 2024

House Bill 89 is a workforce bill that aligns with the Governor's Child Task Force on Child Care recommendations. This bill will incentivize the private sector to offer child care benefits to their employees to fill jobs essential for economic growth, expand the number of families that can access assistance, and align funding to the actual cost of care.

HB 89 strengthens the childcare system in several ways:

- Creates a tax credit for employers who incur child care expenditures, cash or equipment, or payments to employees and increases the amount that can be deducted.
- Adds a person to the Child Care Program Office to assist employers in instituting a child care benefit to their employees.
- Expands the number of families who can access assistance by raising the income level to qualify and raises the cap on the percentage of income a family spends on child care.
- Offers an option for the Child Care Program Office to give grants to high performing, high quality child care providers.
- Provides that the Department will develop a sliding fee scale for families who increase their household income without losing all the child care assistance at once.
- Requires facilities to be designated as a "quality child care facility" by the department.
- Prohibits a child care facility receiving a grant under this program to deny a child attendance based on disability or socioeconomic status.
- Provides that low income families will receive preference for the grant.

I have a vision of making Alaska more affordable for families. Part of accomplishing this vision is affordable quality child care that is accessible to families. Child care affects our workforce which in turn affects our ability to grow the economy. It is estimated that the lack of reliable child care costs Alaskan employers \$152 million in employee absences and turnover. This is an issue we can help solve. HB 89 is a call to the private sector to look at child care as an employee benefit, to encourage people to open up child care services, and an initiative to help families find safe affordable, high quality child care. As long as Alaska's energy, housing and grocery costs keep growing, parents will have to work to keep up. It's time for us to work with the Governor and act on this pressing issue.

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## Sectional Analysis

SCS CSHB 89 (HSS)  
4.23.24

**Sec. 1.** AS 21.96.070(a): - Change in drafting convention to add “contributions of cash or equipment accepted for” to each of the subsections of the **insurance business tax** education credit statutes rather than being in the main section (a), and adds the child care tax credit.

**Sec. 2.** Increases the education and child care tax credit to \$3 million (currently \$1 million).

**Sec. 3.** Insurance business tax. Adds “On January 1, 2030, and every 5 years afterwards, adjusts the dollar limit on tax credits for inflation, using 100% of the change over the preceding 5 calendar years.”

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**Sec. 4.** AS 43.20.014(a): - Change in drafting convention to add “contributions of cash or equipment accepted for” to each of the subsections of the **income tax** education credit statutes rather than being in the main section (a), and adds the child care tax credit.

**Sec. 5.** AS 43.20.014(d): Increases the maximum allowable tax credit to be \$3 million.

**Sec. 6.** AS 43.20.014(h): New subsection adds the inflation adjustment language to the income tax education credit statute.

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**Sec. 7.** AS 43.55.019(a): Change in drafting convention to add “contributions of cash or equipment accepted for” to each of the subsections of the **Oil and gas production tax** credit statutes rather than being in the main section (a), and adds the child care tax credit.

**Sec. 8.** AS 43.55.019(d): Increases the maximum allowable tax credit to be \$3 million.

**Sec. 9.** AS 43.55.019(i): New subsection adds the inflation adjustment language to the oil and gas production tax education credit statute.

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**Sec. 10.** AS 43.56.018(a): Change in drafting convention to add “contributions of cash or equipment accepted for” to each of the subsections of the **oil and gas exploration, production, and pipeline transportation property tax** education credit statutes rather than being in the main section (a), and adds the child care tax credit.

**Sec. 11.** AS 43.56.018(d). Increases the maximum allowable tax credit to be \$3 million.

**Sec. 12.** AS 43.56.018(h). New subsection adds the inflation adjustment language to the oil and gas exploration, production, and pipeline transportation property tax education credit statute.

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**Sec. 13.** AS 43.65.018(a). Change in drafting convention to add “contributions of cash or equipment accepted for” to each of the subsections of the **mining business tax** education credit statutes rather than being in the main section (a), and adds the child care tax credit.

**Sec. 14.** AS 43.65.018(d). Increases the education and child care tax credit to \$3 million (currently \$1 million).

**Section 15.** AS 43.65.018(h). New subsection adds the inflation adjustment language to the mining business tax education credit statute.

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**Sec. 16.** AS 43.75.018(a). Change in drafting convention to add “contributions of cash or equipment accepted for” to each of the subsections of the **fisheries tax** education credit statutes rather than being in the main section (a), and adds the child care tax credit.

**Sec. 17.** AS 43.75.018(d). Increases the education and child care tax credit to \$3 million (currently \$1 million).

**Sec. 18.** AS 43.75.018(h). New subsection adds the inflation adjustment language to the fisheries tax education credit statute.

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**Sec. 19.** AS 43.77.045(a). Change in drafting convention to add “contributions of cash or equipment accepted for” to each of the subsections of the **floating fisheries business tax** education credit statutes rather than being in the main section (a), and adds the child care tax credit.

**Sec. 20.** AS 43.77.045(d). Increases the education and child care tax credit to \$3 million (currently \$1 million).

**Sec. 21.** AS 43.77.045(g). New subsection adds the inflation adjustment language to the floating fisheries business tax education credit statute.

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**Sec. 22.** AS 47.05.030(a). Corrects the terminology in existing statute from “day care” to “child care.”

**Sec. 23.** AS 47.05.085(a). Corrects the terminology in existing statute from “day care” to “child care.”

**Sec. 24.** AS 47.25.001(a). Changes the maximum monthly household income for eligibility to 105% of the Alaska Median Income, adjusted for family size. Also corrections “child care” terminology.

**Sec. 25.** AS 47.25.011. Corrects the terminology in existing statute from “day care” to “child care.”

**Sec. 26.** AS 47.25.021. Corrects the terminology in existing statute from “day care” to “child care.”

**Sec. 27.** AS 47.25.031. Corrects the terminology in existing statute from “day care” to “child care.”

**Sec. 28.** AS 47.25.041. Establishes the parent or guardian contribution rate for child care not exceed 7% of the family monthly income.

**Sec. 29.** AS 47.25.051. Corrects the terminology in existing statute from “day care” to “child care.”

**Sec. 30.** AS 47.25.051. Corrects the terminology in existing statute from “day care” to “child care.”

**Sec. 31.** AS 47.25.071(b). Corrects the terminology in existing statute from “day care” to “child care.” This section also requires a child care facility to be designated as a “quality child care facility” by the department.

**Sec. 32.** AS 47.25.071(g). Corrects the terminology in existing statute from “day care” to “child care.” This section also requires prioritization of children from low-income families when filling available spaces in the facility.

**Sec. 33.** AS 47.25.071(h). Directs the department to promulgate regulations for criteria used to designate a facility as “high quality.”

**Sec. 34.** AS 47.25.071(i-j). Allows the department to provide grants to highest performing and highest quality child care facilities in the state, and prohibits a child care facility from denying a child acceptance to the facility based on disability or socioeconomic status.

**Sec. 35.** AS 47.25.095(2). Definition of “child care facility.”

**Sec. 36.** Corrects the terminology in existing statute from “day care” to “child care.”

**Sec. 37.** AS 47.25.071(c) and AS 47.25.095(4) repealers. Removes the \$50 per child grant to facilities. Deletes the definition of “daycare facility.”

**Sec. 37.** Aligns the education and child care tax credits to expire on January 1, 2028.

**Sec. 38.** Codifies that the department shall receive federal approval for the state plan for the child care assistance program.

**Sec. 39.** Codifies that the Act takes effect on January 1, 2026, following federal approval.

**Sec. 40.** Aligns the education and child care tax credits to sunset on January 1, 2028.

**Sec. 41.** The child care assistance program takes effect the day following federal approval.

**Sec. 42.** All other sections of the bill take effect immediately.

# Fiscal Note

State of Alaska  
2024 Legislative Session

Bill Version:	CSHB 89(FIN)
Fiscal Note Number:	3
(H) Publish Date:	2/12/2024

Identifier: HB089CS(FIN)-DOR-TAX-02-09-24  
 Title: CHILD CARE: TAX  
 CREDITS/ASSISTANCE/GRANTS  
 Sponsor: COULOMBE  
 Requester: (H) Finance

Department: Department of Revenue  
 Appropriation: Taxation and Treasury  
 Allocation: Tax Division  
 OMB Component Number: 2476

## Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2025 Appropriation Requested	Included in Governor's FY2025 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2025	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
<b>Total Operating</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

## Fund Source (Operating Only)

None							
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

## Positions

Full-time							
Part-time							
Temporary							

## Change in Revenues

1004 Gen Fund (UGF)	(4,800.0)		(4,800.0)	(4,800.0)	(2,300.0)		
<b>Total</b>	<b>(4,800.0)</b>	<b>0.0</b>	<b>(4,800.0)</b>	<b>(4,800.0)</b>	<b>(2,300.0)</b>	<b>0.0</b>	<b>0.0</b>

**Estimated SUPPLEMENTAL (FY2024) cost:** 0.0 *(separate supplemental appropriation required)*

**Estimated CAPITAL (FY2025) cost:** 0.0 *(separate capital appropriation required)*

**Does the bill create or modify a new fund or account?** No  
*(Supplemental/Capital/New Fund - discuss reasons and fund source(s) in analysis section)*

## ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No  
 If yes, by what date are the regulations to be adopted, amended or repealed? N/A

## Why this fiscal note differs from previous version/comments:

Updated from SLA2023 to SLA2024 fiscal note template. Fiscal analysis was updated based on CS (H.FIN) that changed the effective date.

Prepared By: Michael Williams, Acting Deputy Director  
 Division: Tax Division  
 Approved By: Eric DeMoulin, Administrative Services Director  
 Agency: Department of Revenue

Phone: (907)269-6632  
 Date: 02/09/2024 11:15 AM  
 Date: 02/09/24

## FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2024 LEGISLATIVE SESSION

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### Analysis

#### Background

The education tax credit is a credit for qualifying contributions to Alaska universities and accredited nonprofit Alaska two- or four-year colleges for facilities, direct instruction, research and educational support purposes; donations to a school district or a state- or regional-operated technical and training school for vocational education courses, programs and facilities; and donations for Alaska Native cultural or heritage programs for public school staff and students; and a facility in the state that qualifies as a coastal ecosystem learning center under the Coastal American Partnership.

The credit is available to be claimed against insurance premiums tax, title insurance premiums tax, corporate income tax, oil and gas production tax, oil and gas property tax, mining license tax, fisheries business tax, and fishery resource landing tax. The credit for any one taxpayer cannot exceed \$1 million annually across all tax types. The credit is currently scheduled to be repealed effective January 1, 2025.

This bill would expand the education tax credit to include donations made to childcare facilities (employer run or nonprofit) for the children of the taxpayer's employees, or for payments made to an employee of the taxpayer for the purpose of offsetting the employee's childcare costs. The new provisions would take effect 90 days from being signed into law (est. July 1, 2024). This bill also would increase the credit limit from \$1 million to \$3 million annually per taxpayer. The bill extends the sunset provisions to January 1, 2028.

#### Revenue Impact

The change in revenues reflected in this fiscal note only include those eligible tax programs administered by the Department. The bill's fiscal impacts can be divided into three categories: (1) expansion of the education tax credit to child care facilities and employer costs, (2) increase to the annual tax credit limit, and (3) extending the credit repeal date.

(1) The revenue impact of the expansion of the credit to childcare facilities and costs cannot be determined because the Department of Revenue does not have Alaska-specific data to estimate how many taxpayers will claim the expansion of the credit, how many taxpayers currently pay their employees' child care costs or make donations to child care facilities for the children of their employees, or how many taxpayers will start paying their employees' child care costs or making donations to child care facilities for the children of their employees.

(2) The revenue impact of the increase in the credit limit is estimated by applying historical information at higher credit limits and interpolating the impact of the \$3 million annual credit limit. See the table below.

(3) The revenue impact of the increase in the extension of the repeal date is estimated by using the average of the last three years of actual credits claimed as a basis going forward. See the table below.

Estimated Revenue Impacts (\$ Millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
1. Expand to Child Care Facilities & Employer Costs	***	***	***	***	N/A	N/A
2. Raise the Annual Credit Limit to \$3 million effective 1/1/25	\$ (1.7)	\$ (1.7)	\$ (1.7)	\$ (0.8)	N/A	N/A
3. Extend the Repeal from 1/1/25 to 1/1/28	\$ (3.1)	\$ (3.1)	\$ (3.1)	\$ (1.5)	N/A	N/A
*** Indeterminate						
N/A the credit would no longer be available in FY 2029						

Other sources of uncertainty stem from the high contribution limits and high cost of care in Alaska, as well as the fact that the credit is available against multiple tax types in Alaska.

#### Implementation Cost

This legislation would require the Department of Revenue to make minor changes to its Tax Revenue Management System ("TRMS"). Resources required to implement this bill would include staff time to updated tax forms, TRMS, and Revenue Online, and other miscellaneous costs when applicable. These costs will be absorbed by the Tax Division using existing resources.

## **CHILD CARE:TAX CREDITS/ASSISTANCE/GRANTS**

SENATE FINANCE COMMITTEE 4.23.2024

REPRESENTATIVE JULIE COULOMBE



# OVERVIEW

1. How the Child Care Assistance Program Works Currently
2. HB 89 New Provisions
3. How the Child Care Tax Credits Work
4. Wrap-up

## CURRENT PROGRAM

- Provides a monthly subsidy to help with child care expenses based on a sliding fee scale for eligible low-moderate income families – up to 9%.
- The family benefit is based on geographic location, type of care, age of child(ren), unit of care authorized, and attendance at the child care facility.
- Parents must be participating in an eligible activity of working, attending school or a job training program, and meet non-financial and financial criteria set by the department.
- The income limit is 85% of adjusted median income for Alaska.
- Children between infancy and 12 years old are eligible.
- Provides a \$50 grant per child to child care facilities.

## HB 89 ~ PROVISIONS & SECTIONS

- Provides for the child care tax credit, increases education and child care tax credits to \$3 million annually, and extends the tax credit sunset to January 1, 2028. (Secs. 1-21)
- Changes terminology throughout statute from “day care” to “child care.” (Secs. 22-27, 29-32, and 36)
- Increases the income eligibility to 105% of the State Median Income. (Sec. 24)
- Caps the family contribution at 7% (currently 9%). (Sec. 28)
- Requires facilities to be designated as “high quality” to receive child care assistance funds. (Sec. 31)
- Requires the prioritization of low income children for the child care assistance program. (Sec. 34)
- Prohibits a child care facility from denying a child for acceptance at a facility based on disability or socioeconomic status. (Sec. 34)
- Definition of “child care facility” (Sec. 35)
- Eliminates the \$50 per child grants to child care facilities. (Secs. 37 & 40)
- Effective Dates – Tax credits sunset 1/1/2028 (Sec. 37); the Act takes effect 1/1/2026 (Sec. 39 & 41); All other sections effective immediately (Sec. 42)

## Child Care Tax Credits

- Insurance Tax Credit – Authorized Insurers in the state (Sec. 1-3)
- Income Tax (Sec. 4-6)
- Oil & Gas Production Tax (Sec. 7-9)
- Oil & Gas Exploration, Production, and Pipeline Property Tax (Sec. 10-12)
- Mining Business Tax (Sec. 13-15)
- Fisheries Tax (Sec. 16-18)
- Floating Fisheries Business Tax (Sec. 19-21)
- **Raises the maximum tax credit** (*in combination with the education tax credit*) **to \$3 million annually.**
- **Provides an inflation increase every 5 years beginning in 2030.**
- **Includes contributions of cash or equipment to a child care facility, expenditures made to a child care facility for the tax payer's employees, or payments made to an employee by the taxpayer to offset child care costs.**
- **Education and Child Care Tax Credits sunset January 1, 2028**

## IN WRAP-UP, - HB 89 WILL...

- Incentivize the private sector to contribute to child care for their employees
  - It does this by increasing the maximum contribution
  - Extends the sunset date to 2028
- Broaden access to the program for families, helping parents return or enter the workforce, thus increasing the number of children attending child care facilities, growing the industry and increasing the seats available
- Lower the amount of the maximum contribution for families to 7% of income
- Increase the eligibility threshold to 105% of the State Median Income

# Questions?

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Selections from HB 89, 4/23/24, Prepared by the Office of Rep. Fields  
ALASKA STATE LEGISLATURE



REPRESENTATIVE ZACK FIELDS

Fairview • South Addition • Government Hill • Downtown • Eastridge

**Sectional Analysis for HB 121 Version A**

**Section 1.** This section amends AS 21.96.070(a), the Insurance Education Tax Credit, to allow a tax credit under AS 21.09.210, the tax on insurers. This language allows for expenditures made to operate a child care facility for the children of the taxpayer's employees, contributions of cash or equipment accepted by a childcare facility operated by a nonprofit corporation and attended by one or more of the children of the taxpayer's employees, and payment to an employee of the taxpayer for the purpose of offsetting the employee's childcare costs.

**Section 2.** This section amends AS 43.20.014, the Alaska Net Income Tax Education Credit, to allow a tax credit under AS 43.20.011, the Alaska Net Income Tax Act, for the same expenditures in Section 1, and conforming changes.

**Section 3.** This section amends AS 43.55.019(a), the Oil and Gas Production Education Tax Credit, to allow a tax credit against the tax levied under AS 43.55.011(e), the Oil and Gas Production Tax, for the same expenditures in Section 1, and conforming changes.

**Section 4.** This section amends AS 43.56.018(a), the Oil and Gas Property Education Tax Credit, to allow a tax credit against the tax levied under AS 43.56.010, the Oil and Gas Exploration, Production, and Pipeline Transportation Property Tax, for the same expenditures in Section 1, and conforming changes.

**Section 5.** This section amends AS 43.65.018, the Mining License Education Tax Credit, to allow a tax credit against the tax due under AS 43.65.010, the Mining License Tax, for the same expenditures in Section 1, and conforming changes.

**Section 6.** This section amends AS 43.75.018, the Fisheries Business Education Credit, to allow a tax credit under the tax due under AS 43.75.015, the Fisheries Business Tax, for the same expenditures in Section 1, and conforming changes.

**Section 7.** This section amends AS 43.77.045(a), the Fisheries Landing Tax Education Tax Credit, to allow a tax credit under the tax due under AS 43.77.010, the Fisheries Landing Tax, for the same expenditures in Section 1, and conforming changes.

**Section 8.** This section states the bill will take effect January 1<sup>st</sup>, 2022.



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# House Bill 121

Providing for a child care tax credit for certain taxpayers



## HB 121

- Takes existing education tax credit and amends it to include expenditures by employer to operate a child care facility for employees, contributions of cash or equipment to child care facilities operated by nonprofit corporations attended by one or more of taxpayer's employees, or payments to employees for purpose of offsetting employee's child care costs.
- The education tax credit is currently reflected in the insurance tax, net income tax, oil and gas production tax, oil and gas property tax, mining license tax, fisheries business tax and fisheries landing tax.



## HB 121

- Recognizes the urgent need for better access to child care in the State of Alaska.
- Covid-19 pandemic laid bare the lack of access for child care for many, and the impacts on working families.
- HB 121 works to build off of the existing education tax credit to help foster child care facilities and incentivize access to child care.
- Would allow employers to deduct credits against existing Alaska taxes, including for their own child care facility or a stipend to send employee's child to existing child care center.

## Covid - 19 Pandemic exacerbated and exposed economic inequities

-Between Feb 2020-Nov 2020, there were 2.2m fewer women in the workforce.

-Contributing factors include service industry jobs and work where they are forced to choose btwn child care and work, or work that could not be done remotely.

-Even in families where a parent could work from home, we know that trying to take care of children and carry a full workload was a challenge for many parents and contributed to high stress levels.

### The US economy lost 140,000 jobs in December. All of them were held by women



By AnnaLyn Kurtz, CNN Business  
Updated 9:25 PM ET, Fri January 8, 2021



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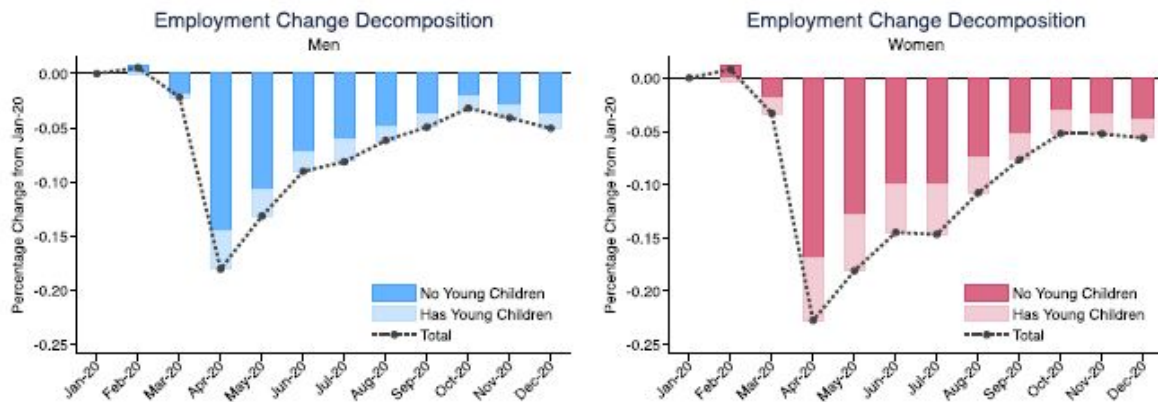
Personal

Credit Cards

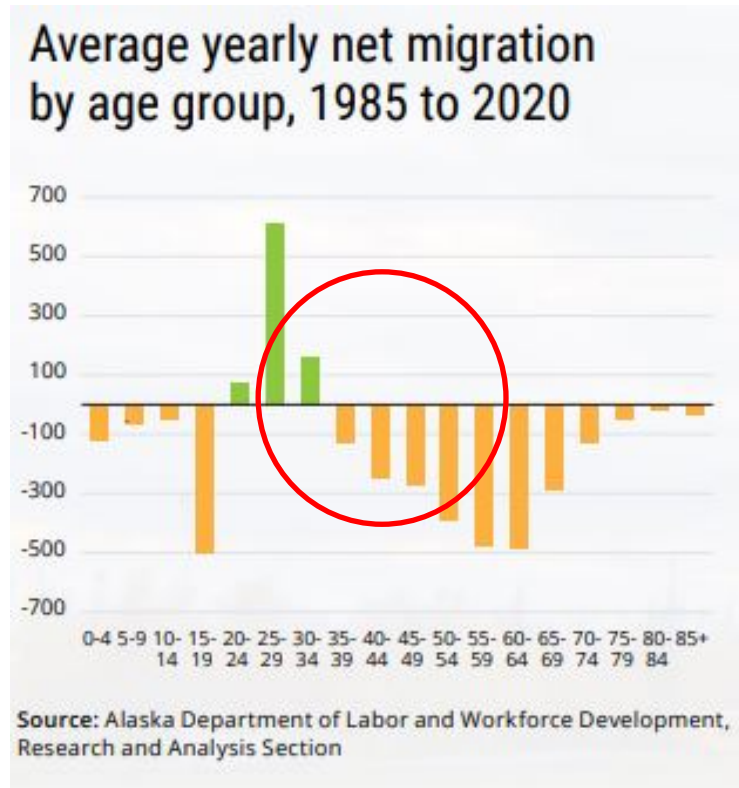
Loan Type	Rate	APR
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## Women suffer disproportionate impacts from lack of child care access

Figure 3. Employment Change Decomposition, January-December 2020

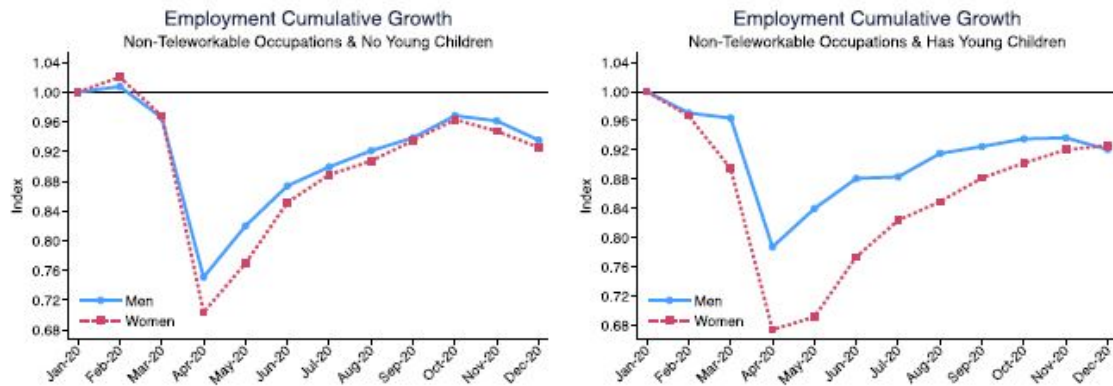


## Child care access is key to retaining families



## Women suffer disproportionate impacts from lack of child care access

**Figure 6. Employment Fluctuations in Non-Teleworkable Occupations, January-December 2020**



Sources: Current Population Survey (CPS); authors' calculations.

Note: We are plotting the employment cumulative growth using January 2020 as the reference point. Formally, each point represents the ratio between the employment level of the current month and the corresponding value in January 2020. In the appendix we present similar charts for teleworkable occupations.



## Child care in Alaska

-Child care economy represents \$275m in labor income.

-\$587m in economic activity.

-Every dollar spent on child care and early learning generates \$1.5 in economic activity.

-\$216m spent every year on child care and early learning by households.

-Demand continuously outpaces supply.



## Access to child care in Alaska

### Demand for Early Care & Learning Services is Greater than Supply Throughout Alaska

More than 88,000 children in 54,000 households are in need of ECL services in Alaska.



Note: Children 0 through 12 years of age.

#### Children in ECL Services



94% of children not in ECL services stay home with a household member

## Access to child care in Alaska: con't

### ACCESS TO CARE IS BECOMING INCREASINGLY DIFFICULT FOR ALASKA FAMILIES.

- ▶ Finding suitable ECL services is difficult or very difficult for half (**53%**) of households with children in ECL services.
- ▶ Difficulty accessing services has increased since 2015:

**46 → 57%**      **28 → 47%**

Under 6 years of age

6 - 12 years of age

### DIFFICULTY FINDING CARE IS GREATER IN RURAL COMMUNITIES THAN URBAN AREAS.



## Workforce Participation

ECL service factors with the greatest impact on household member's ability to participate in the workforce

Cost Quality Availability



Note: numbers may not add to 100% due to a small percent of survey respondents who did not answer the question.

### Alaska households need ECL services for a variety of reasons

Alaska households with children in ECL services report the following factors are important in their decision to use services.



Provide social interaction, learning, and other enrichment for children



Allow adults to be employed



Allow adults time for activities outside of work

64% of Households ► consider allowing adults to be employed as the most important factor in their decision to use ECL service.

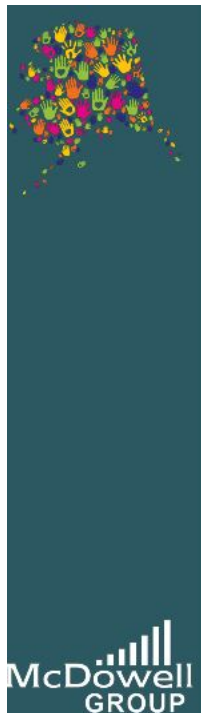
# Access to child care in Alaska: McDowell Group Report

## Key Findings for Employers:

- Financial Support
- Child Care
- Organizational Culture and Policies
- Flexibility



## Employer Provided Financial Support: McDowell Group Report

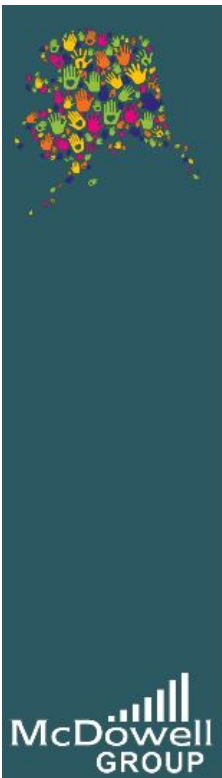


### Examples of Employer-Provided Child Care

- Childcare resource / referral information
- On-site childcare
- Babies-at-work policy
- Children-at-work policy
- Pay for a traveling caregiver to accompany a parent who travels for work
- Child care for school-age children in summer or holidays

Child Care

# Benefits to Employers: McDowell Group Report



## Benefits to Employers

- Improved firm-level productivity and organizational performance
- Increased stock prices
- Improved company reputation
- Competitive advantage when hiring
- Decreased employer absenteeism and turnover
- Increased employee engagement and culture of trust
- Cost-neutral or positive return on investment
- More women in management positions

Financial  
Support

Child Care

Organizational  
Culture and  
Policies

Flexibility

Page 30 of 35



**Thank you. Questions?**

[2020 Annual Report](#) : Alaska Department of Revenue

# Fiscal Note

State of Alaska  
2021 Legislative Session

Bill Version: HB 121  
Fiscal Note Number: \_\_\_\_\_  
( ) Publish Date: \_\_\_\_\_

Identifier: HB121-DCCED-DOI-03-12-21  
Title: EDUC.TAX CREDIT: EMPLOYER CHILD CARE  
COST  
Sponsor: FIELDS  
Requester: (H) LABOR & COMMERCE

Department: Department of Commerce, Community and  
Economic Development  
Appropriation: Insurance Operations  
Allocation: Insurance Operations  
OMB Component Number: 354

## Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2022 Appropriation Requested	Included in Governor's FY2022 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2022	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
<b>Total Operating</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

## Fund Source (Operating Only)

None							
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

## Positions

Full-time							
Part-time							
Temporary							

## Change in Revenues

None	***		***	***	***	***	***
<b>Total</b>	<b>***</b>	<b>0.0</b>	<b>***</b>	<b>***</b>	<b>***</b>	<b>***</b>	<b>***</b>

**Estimated SUPPLEMENTAL (FY2021) cost:** 0.0 *(separate supplemental appropriation required)*

**Estimated CAPITAL (FY2022) cost:** 0.0 *(separate capital appropriation required)*

**Does the bill create or modify a new fund or account?** No  
*(Supplemental/Capital/New Fund - discuss reasons and fund source(s) in analysis section)*

## ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No  
If yes, by what date are the regulations to be adopted, amended or repealed? N/A

## Why this fiscal note differs from previous version/comments:

Not applicable, initial version.

Prepared By: Lori Wing-Heier, Division Director  
Division: Insurance  
Approved By: Micaela Fowler, Administrative Services Director, DCCED  
Agency: Office of Management and Budget

Phone: (907)538-4203  
Date: 03/12/2021  
Date: 03/12/21



FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2021 LEGISLATIVE SESSION

BILL NO. HB 121

**Analysis**

HB 121 offers incentives for employers to contribute toward child care options for their employees. A taxpayer would be allowed a tax credit for expenses including: operating a child care facility for the taxpayer's employees; contributing cash or equipment to a non-profit child care facility attended by the children of the taxpayer's employees; or payments to the employee that go toward child care costs.

Specific to the Division of Insurance, a taxpayer (insurer) would be allowed a credit against the annual tax on title insurance companies (AS 21.66.110) or the tax on insurers (AS 21.09.210) for these child care costs.

This bill is not anticipated to impact the annual expenditures of the Division of Insurance. The bill allows credits to be taken against the Insurance Premium Tax that is collected by the Division of Insurance. The amount of reduced premium tax revenue is expected to be nominal, but since the usage of the credit is not known at this time the revenue impact is indeterminate.

# Fiscal Note

State of Alaska  
2021 Legislative Session

Bill Version: HB 121  
Fiscal Note Number: \_\_\_\_\_  
( ) Publish Date: \_\_\_\_\_

Identifier: HB121-DOR-TAX-03-12-21  
Title: EDUC.TAX CREDIT: EMPLOYER CHILD CARE  
COST  
Sponsor: FIELDS  
Requester: (H) Labor & Commerce

Department: Department of Revenue  
Appropriation: Taxation and Treasury  
Allocation: Tax Division  
OMB Component Number: 2476

## Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2022 Appropriation Requested	Included in Governor's FY2022 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2022	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
<b>Total Operating</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

## Fund Source (Operating Only)

None							
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

## Positions

Full-time							
Part-time							
Temporary							

## Change in Revenues

None	***		***	***	***	***	***
<b>Total</b>	<b>***</b>	<b>0.0</b>	<b>***</b>	<b>***</b>	<b>***</b>	<b>***</b>	<b>***</b>

**Estimated SUPPLEMENTAL (FY2021) cost:** 0.0 *(separate supplemental appropriation required)*

**Estimated CAPITAL (FY2022) cost:** 0.0 *(separate capital appropriation required)*

**Does the bill create or modify a new fund or account?** No  
*(Supplemental/Capital/New Fund - discuss reasons and fund source(s) in analysis section)*

## ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No  
If yes, by what date are the regulations to be adopted, amended or repealed? N/A

## Why this fiscal note differs from previous version/comments:

Not applicable, initial version.

Prepared By: Nicole S. Reynolds, Deputy Director  
Division: Tax Division  
Approved By: Brian Fechter, Administrative Services Director  
Agency: Department of Revenue

Phone: (907)269-6736  
Date: 03/12/2021  
Date: 03/12/21

FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2021 LEGISLATIVE SESSION

BILL NO. HB 121

Analysis

**Background**

The education tax credit is a credit for qualifying contributions to Alaska universities and accredited nonprofit Alaska two- or four-year colleges for facilities, direct instruction, research and educational support purposes. The tax credit can also be claimed for donations to a school district or a state-operated vocational technical education and training school for vocational education courses, programs and facilities. Donations for Alaska Native cultural or heritage programs for public school staff and students, and a facility in the state that qualifies as a coastal ecosystem learning center under the Coastal American Partnership also qualify. Contributions to the Alaska Higher Education Investment Fund established in 2012 qualify as well.

The credit is available to be claimed against insurance premiums tax, title insurance premiums tax, corporate income tax, oil and gas production tax, oil and gas property tax, mining license tax, fisheries business tax, and fishery resource landing tax. The credit for any one taxpayer cannot exceed \$1,000,000 annually across all tax types.

The proposed legislation would expand the education tax credit to include donations made to childcare facilities for the children of the taxpayer's employees, or for payments made to an employee of the taxpayer for the purpose of offsetting the employee's childcare costs. The new provisions would take effect January 1, 2022.

**Revenue Impact**

The estimated revenue impact of this proposed legislation cannot be determined because the Department of Revenue does not have Alaska-specific data to estimate how many taxpayers will claim the expansion of the credit, how many taxpayers currently pay their employees' childcare costs or make donations to childcare facilities for the children of their employees, or how many taxpayers will start paying their employees' childcare costs or making donations to childcare facilities for the children of their employees. Other sources of uncertainty stem from the high contribution limits and high cost of care in Alaska, as well as the fact that the credit is available against multiple tax types in Alaska.

**Implementation Cost**

This proposed legislation would not require the Department of Revenue to make material changes to its Tax Revenue Management System (TRMS). Therefore, there would be no cost to the Department for implementation. Resources required to implement this bill would include staff time to updated tax forms, TRMS, and Revenue Online, and other miscellaneous costs when applicable. These costs will be absorbed by the Tax Division using existing resources.